

BellSouth
Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036-3351

robert.blau@bellsouth.com

Robert T. Blau, Ph.D., CFA
Vice President-Executive and
Federal Regulatory Affairs

202 463-4108
Fax 202 463-4631

February 5, 2003

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

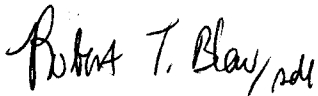
Re: CC Docket Nos. 01-338 and 02-33

Dear Ms. Salas:

On February 3, 2003, Fred McCallum, Keith Milner, Jonathan Banks and I, met with Dan Gonzalez, Senior Legal Advisor to Commissioner Kevin Martin, to discuss the Triennial Review. The attached documents formed the basis for the presentation.

I am filing this notice in the dockets identified above, as required by Section 1.1206(b)(2) of the Commission's rules, and request that you associate this notice with the record of those proceedings.

Sincerely,

Handwritten signature of Robert T. Blau in cursive script.

Attachment

cc: Dan Gonzalez

Discussion of Proposed Tests for Conversion of Special Access Circuits to Unbundled Network Elements

BellSouth Telecommunications, Inc.

February 3 - 4, 2004

Examples of Economic Impact from Conversion from Special Access to UNE Rates

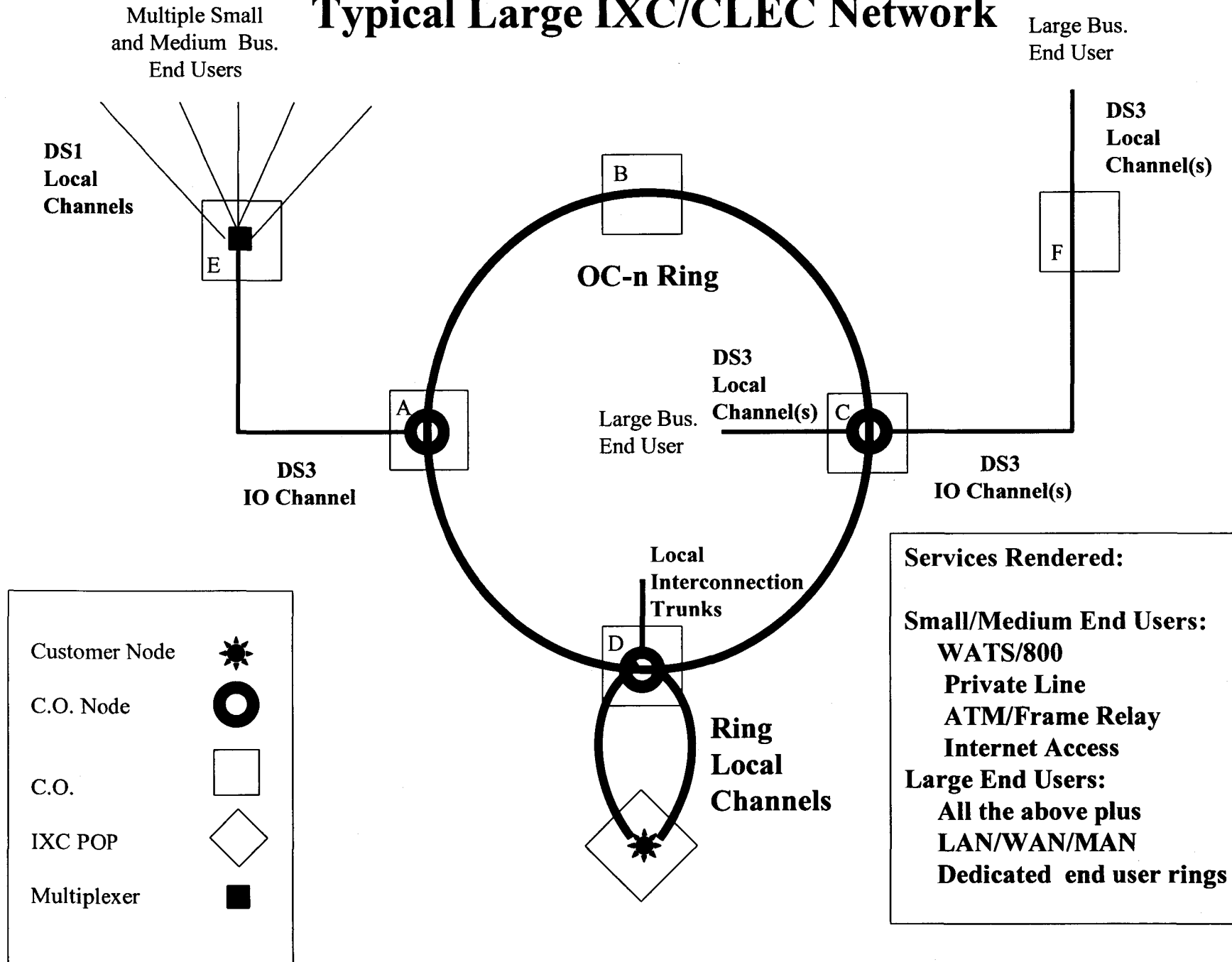
DS1 - Typical Circuits

SPA Rates							CLEC/ IXC POP	<u>Total</u>
End User	SPA Loc Ch. \$123		SPA IO Ckt + Mileage \$145		SPA Loc Ch. \$123	\$391		
	UNE Loop \$88.92		UNE IO Ckt + Mileage \$91.65		UNE IO Local Channel \$38.36	\$219		
UNE Rates								
<u>10 mile circuit</u>								

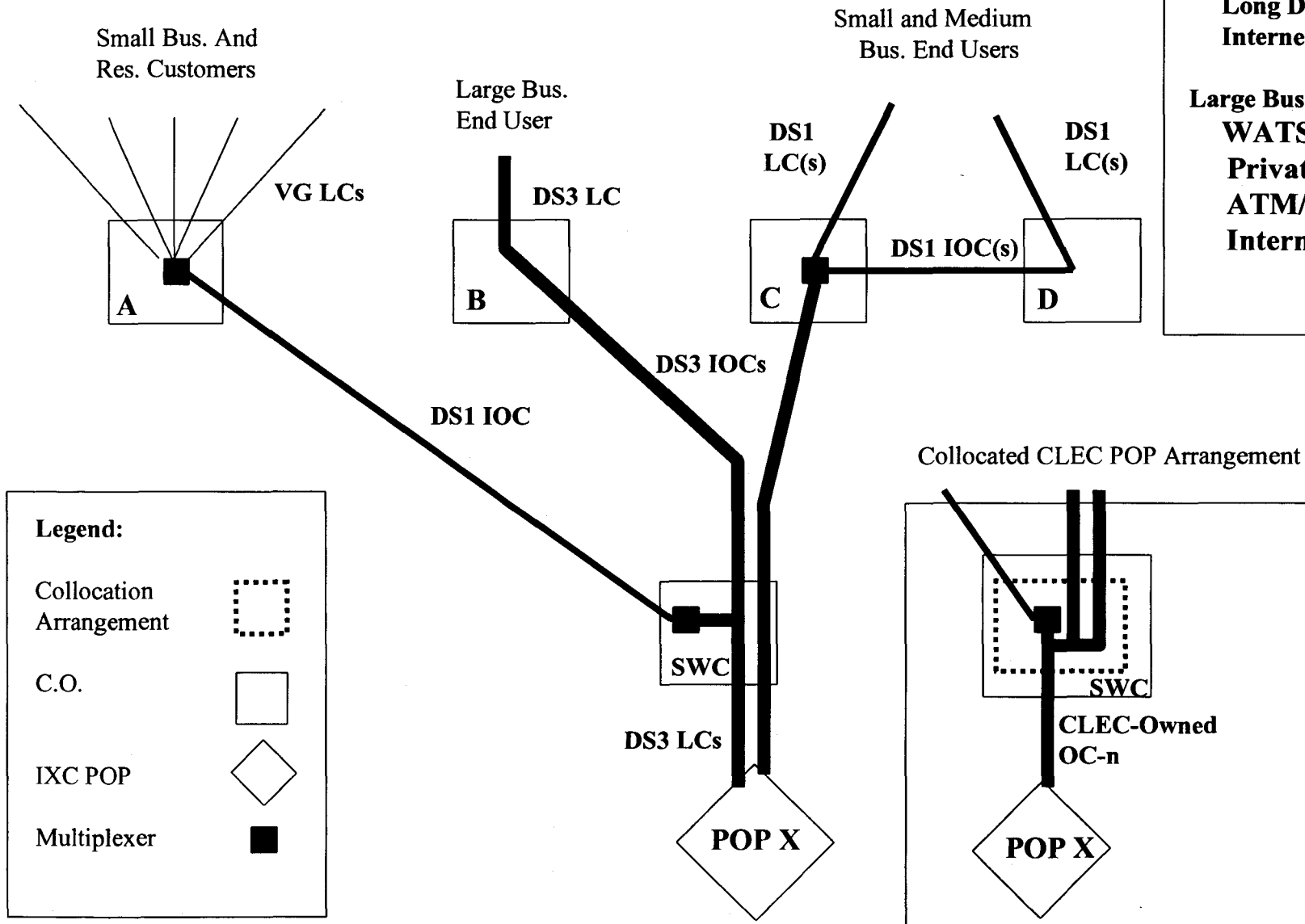
DS3 - Typical Circuits

S3 - Typical Circuits					Total
SPA Rates					
<u>10 mile circuit End User 1/4 mi. from C.O</u>					
End User	SPA Loc Ch. \$1460		SPA IO Ckt + Mileage \$1275	SPA Loc Ch. \$1290	\$4025
	UNE Loop \$368		UNE IO Ckt + Mileage \$652	UNE IO Local Channel \$529	\$1549
UNE Rates					
CLEC/ IXC POP					

Typical Large IXC/CLEC Network



Typical Small CLEC Network



Services Rendered:

Mass Market:
Long Distance
Internet Access

Large Business:
WATS/800
Private Line
ATM/Frame Relay
Internet Access

Legend:

Collocation Arrangement



C.O.



IXC POP



Multiplexer



Contemplated Restrictions Offer No Relief

Contemplated Tests:

CLEC must have collocation in the LATA

CLEC must have interconnection trunks connecting to ILEC public switched network in LATA

CLEC must be certified by state Public Service Commission as a local exchange carrier

Bottom Line:

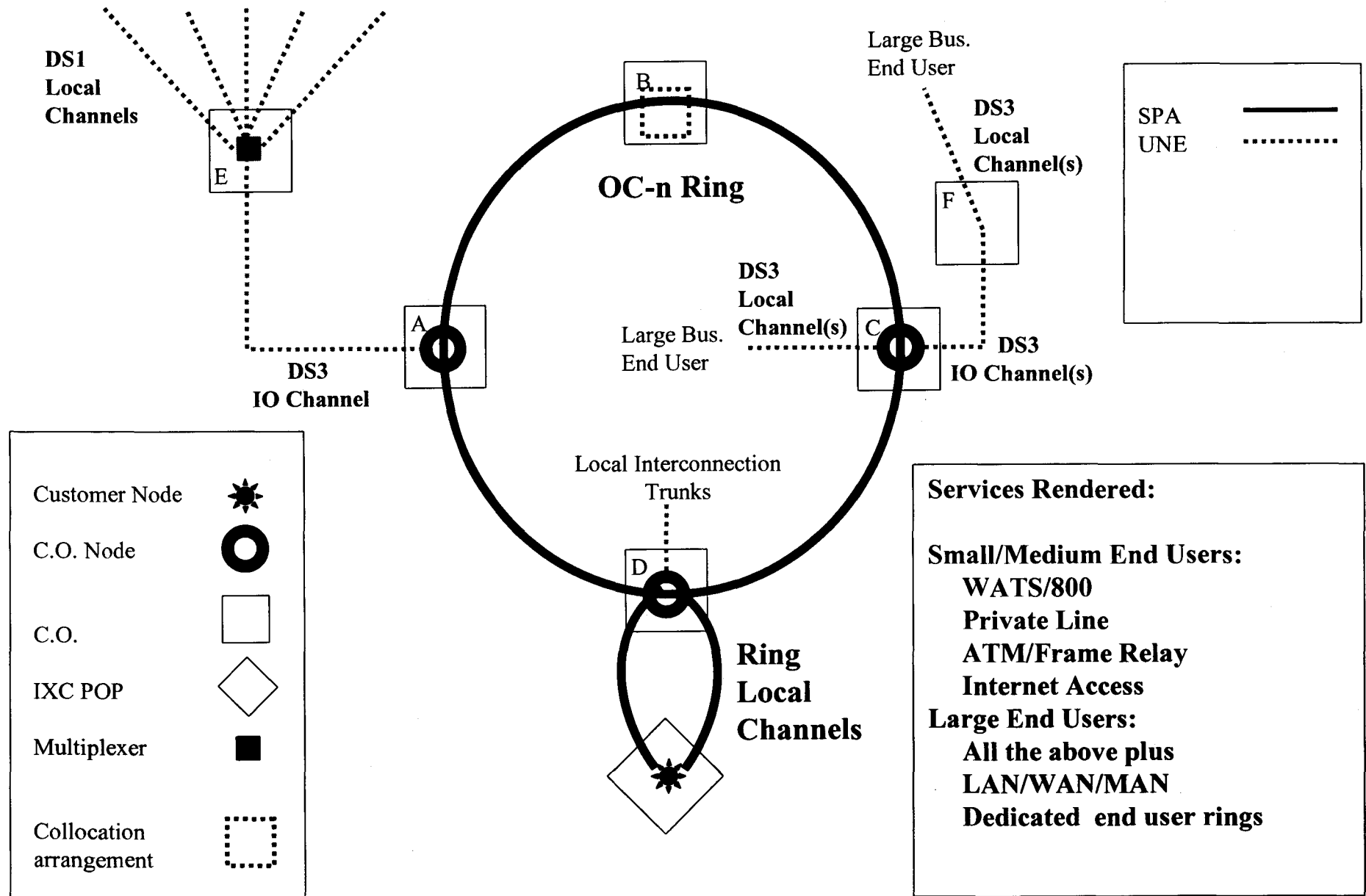
These Tests are too easily attained or could easily be “gamed”.

Carriers Already Have Collocation and Interconnection Trunking And Can Easily and Quickly Become Certificated

LATA	STATE	COLLOCATORS WITH FIBER ENTRANCE FACILITIES
Atlanta	GA	157
Southeast	FL	295
Nashville	TN	36
Charlotte	NC	69
Jacksonville	MS	53
Orlando	FL	68
Raleigh	NC	39
New Orleans	LA	30
Memphis	TN	30
Louisville	KY	17
Birmingham	AL	12
Greensboro	NC	28
Greenville	SC	13
Knoxville	TN	15
Columbia	SC	14
Jackson	MS	21
Baton Rouge	LA	16
Charleston	SC	6
Chattanooga	TN	14
Mobile	AL	7
	TOTAL	940

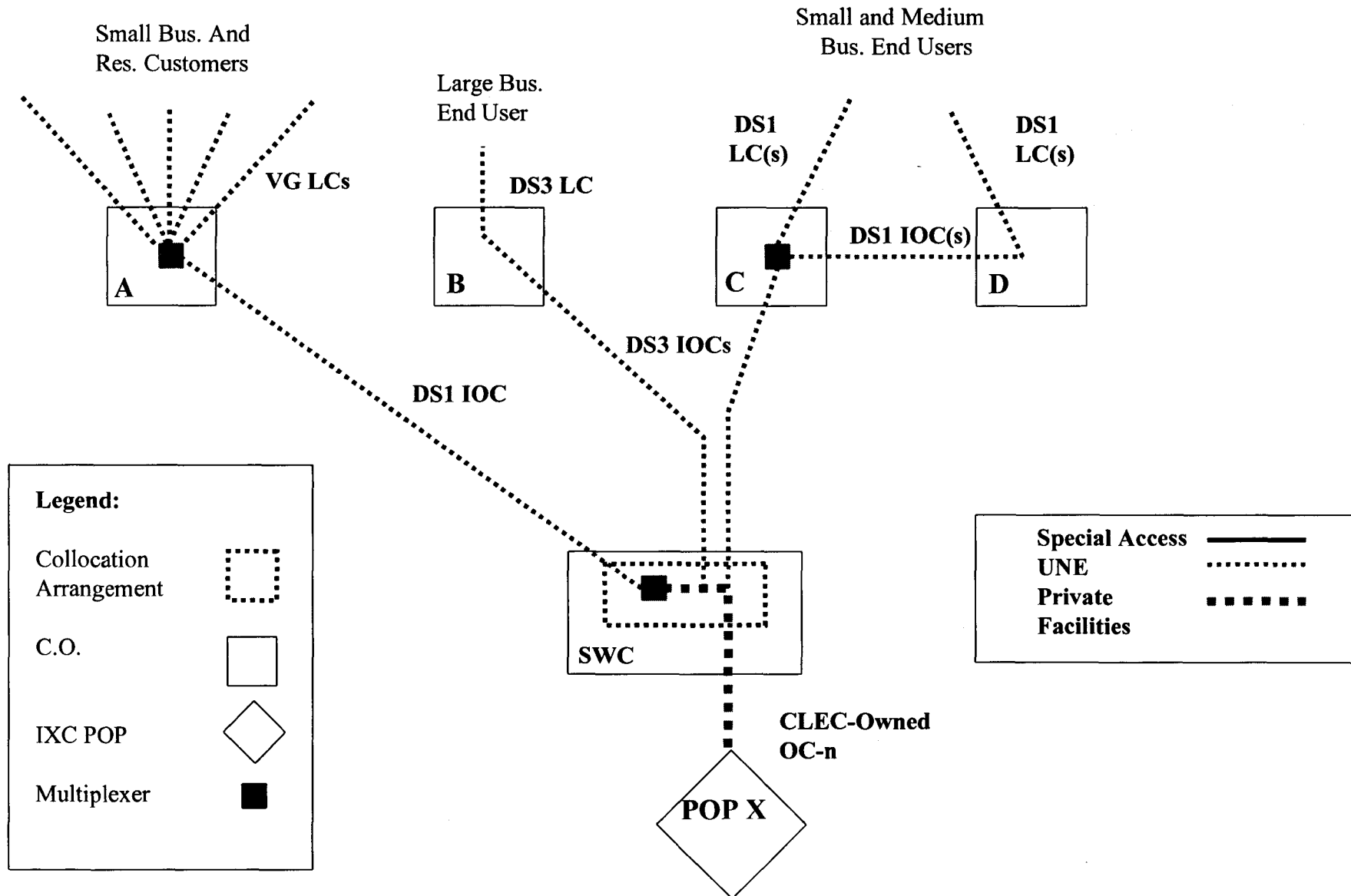
Typical Large IXC/CLEC Network

Establish or Use Collocation and Interconnection Trunks to Meet Test



Typical Small CLEC Network

Establish or Use Collocation to Meet Test



IXC will convert all intraLATA Elements to UNEs

PL To Distant LATA End Users Premises
via IXC LL T3

Large
Business
End User
Premises “B”

To PSTN

Legend:

Circuit Switch

C.O. Node

C.O.

IXC POP

Multiplexer

PBX

Inter-connection trunks

DS1 LC's

DS1 IOC

DS1 LC's

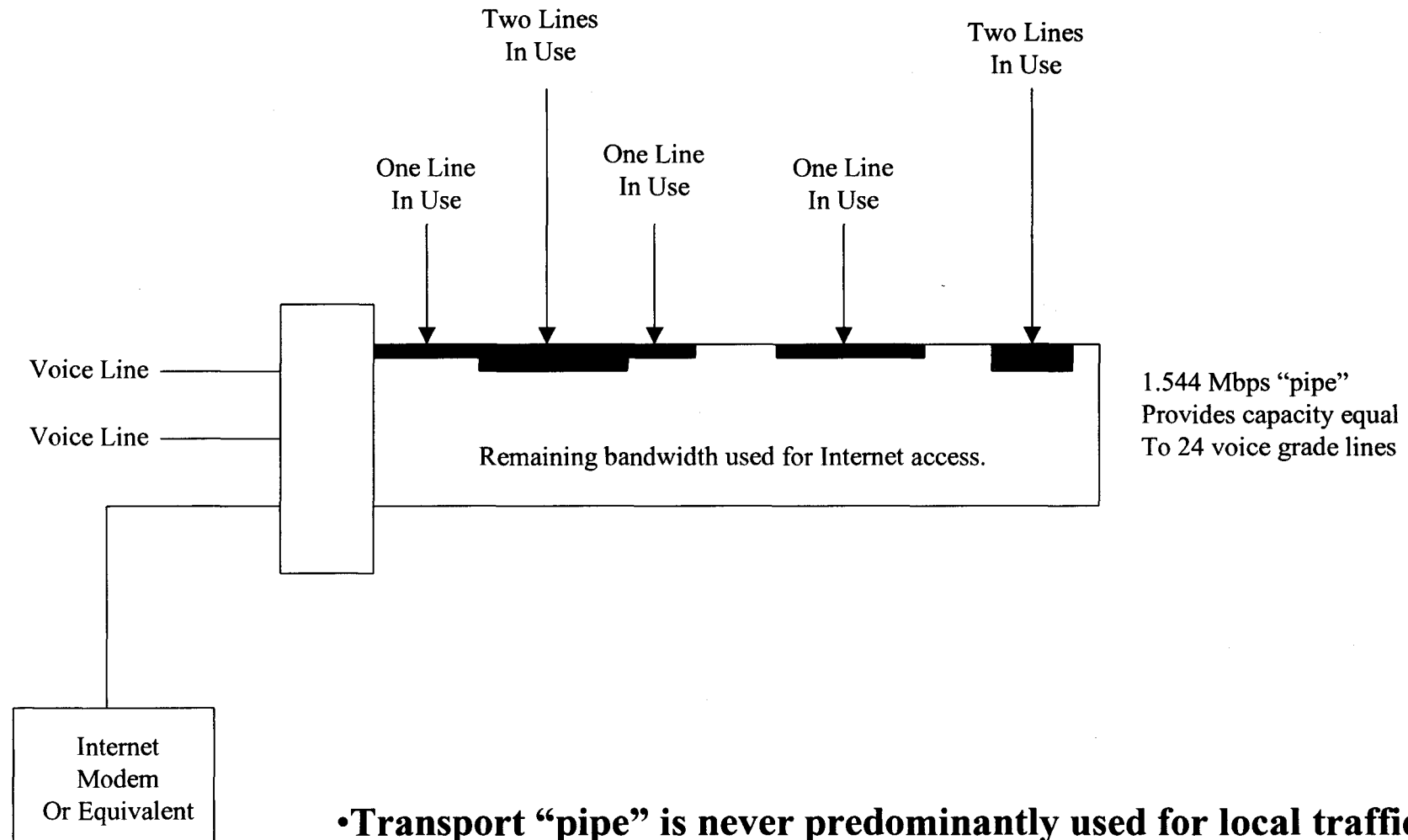
ILEC P Trunks

Large Business End User Premises “A”

**SPA
UNE
Private
Facility**

Services Purchased:
Local (from ILEC)
Long Distance (WATS & 800)
Point-to-Point Private Line
LAN/WAN/MAN
Internet Access

Typical Small Business End User With Two Voice Lines and Internet Access via Bandwidth Allocation



- Transport "pipe" is never predominantly used for local traffic.
- Effect is even more pronounced for providers that use compression of voice traffic into envelopes of less than 64 Kbps.

Conclusions

Adoption of Proposed Collocation and Interconnection Trunking Tests:

- Gives no weight to lack of impairment as ordered by Supreme and Appeals Court.
- Offers little if any protection from Special Access to UNE conversion “gaming”.
- Does not advance goals of increased competition.
- Merely shifts revenue from ILECs, CAPs and CLECs to IXC.
- Diminishes shareholder value of existing Special Access providers.
- Discourages facilities-based build out and reduces the value of existing ILEC, CLEC and CAP networks.
- Discourages sorely needed investment in telecom equipment market
- Eliminates internal cross-subsidies which support lower residential rates.